



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
CASEY COUNTY SHERIFF**

**Calendar Year 1997**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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## Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
John P. McCarty, Secretary  
Finance and Administration Cabinet  
Sarah Jane Schaaf, Secretary, Revenue Cabinet  
Honorable Ronald D. Wright, County Judge/Executive  
Honorable Robert M. Weddle, Casey County Sheriff  
Members of the Casey County Fiscal Court

### Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the Sheriff of Casey County, Kentucky, for the year ended December 31, 1997. This financial statement is the responsibility of the Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff is required to prepare the financial statement on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles. This cash basis system does not require the maintenance of a general fixed asset group or general long-term debt group of accounts. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the Sheriff for the year ended December 31, 1997, in conformity with the basis of accounting described above.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
John P. McCarty, Secretary  
Finance and Administration Cabinet  
Sarah Jane Schaaf, Secretary, Revenue Cabinet  
Honorable Ronald D. Wright, County Judge/Executive  
Honorable Robert M. Weddle, Casey County Sheriff  
Members of the Casey County Fiscal Court

Based on the results of our audit, we have presented a schedule of Comments and Recommendations, included herein, which discusses the following areas of noncompliance:

- The Sheriff Should Refrain From Conduct Giving The Appearance Of Related Party Transactions
- The Sheriff Should Have Presented An Annual Settlement To The Fiscal Court

In accordance with Government Auditing Standards, we have also issued a report dated June 1, 1999, on our consideration of the Sheriff's compliance with certain laws and regulations and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 1, 1999

CASEY COUNTY  
ROBERT M. WEDDLE, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 1997

Receipts

State Fees For Services:

Finance and Administration Cabinet	\$ 9,065	
Kentucky Correctional Psychiatric Center	<u>57</u>	\$ 9,122

Circuit Court Clerk:

Sheriff Security Service	\$ 5,090	
Fines/Fees Collected	<u>2,370</u>	7,460

Fiscal Court		10,660
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County Clerk - Delinquent Taxes		1,424
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Commission On Taxes Collected		92,836
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Fees Collected For Services:

Auto Inspections	\$ 3,327	
Accident /Police Reports	338	
ADANTA Contract	1,691	
Arrest Fees - Other Counties	1,948	
Serving Papers	<u>11,330</u>	18,634

Other:

CCDW Fees	\$ 5,300	
Reimbursements	6,868	
Sheriff's Fees and Advertising Costs	857	
Miscellaneous	<u>1,225</u>	14,250

Interest Earned		3,817
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Borrowed Money:

State Advancement		<u>50,000</u>
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Gross Receipts		\$ 208,203
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Disbursements

Operating Disbursements and Capital Outlay:

Personnel Services-

Deputies' Gross Salaries	\$ 46,644
Clerk's Gross Salary	15,490
Dispatching	4,678

Contracted Services-

Advertising	297
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CASEY COUNTY  
 ROBERT M. WEDDLE, SHERIFF  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
 Calendar Year 1997  
 (Continued)

Disbursements (Continued)

Operating Disbursements and Capital Outlay:  
 (Continued)

Materials and Supplies-		
Office Materials and Supplies	\$	2,352
Uniforms		1,690
Bank Charges		68
Repairs and Maintenance		16
Auto Expense-		
Gasoline		3,629
Maintenance and Repairs		6,350
Other Charges-		
Contract Labor		470
Dues		150
Postage		3,350
Utilities		1,526
Drug Dog		90
CCDW Fees		3,495
Communications		280
Prisoner Transport		2,736
Miscellaneous		5
Capital Outlay-		
Office Equipment		3,424
Vehicles		7,400
Cruiser Payments:		
Principal		4,188
Interest		865
Debt Service:		
State Advancement		<u>50,000</u>
Total Disbursements	\$	159,193
Less: Disallowed Disbursements -		
Excess Mileage		(69)
Personal Advertising		<u>(134)</u>
Total Allowable Disbursements	\$	<u>158,990</u>
Net Receipts	\$	49,213
Less: Statutory Maximum		<u>47,899</u>
Excess Fees Due County for Calendar Year 1997	\$	1,314
Payment to County Treasurer- June 1, 1999		<u>1,314</u>
Balance Due at Completion of Audit	\$	<u><u>0</u></u>

The accompanying notes are an integral part of the financial statement.



CASEY COUNTY  
NOTES TO FINANCIAL STATEMENT

Calendar Year 1997

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Revenues and related assets are generally recognized when received rather than when earned. Certain expenses are recognized when paid rather than when a liability is incurred, including capital asset purchases. Certain other expenses are recognized when a revenue and the related asset can be associated with a corresponding liability due another governmental entity.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent. Hazardous covered employees are required to contribute 7.0 percent of their salary to the plan. The county's contribution rate for hazardous employees was 18.69 percent.

CASEY COUNTY  
NOTES TO FINANCIAL STATEMENT  
Calendar Year 1997  
(Continued)

Note 2. Employee Retirement System (Continued)

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report which is a matter of public record.

Note 3. Deposits:

The Sheriff maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The Sheriff met the requirements stated above, and as of December 31, 1997, deposits were fully insured or collateralized at a 100% level with securities held by the county official's agent in the county official's name.

Note 4. Note Payable

The office of the Sheriff is liable for a secured note payable to Casey County Bank in the amount of \$6,702. Purpose of the note was the purchase of a cruiser. The note matured on May 15, 1999, and the interest rate is 9.5 percent. The office of the Sheriff was in compliance with the terms of the agreement as of December 31, 1997.

Note 5. Drug Enforcement Account

As of December 31, 1996, the Sheriff had a balance of \$959 in his Drug Enforcement Account. In 1997, the Sheriff did not receive any additional funds and expended \$740, leaving an unexpended balance of \$219 as of December 31, 1997. These funds are to be used in law enforcement against drugs and are not included as a part of excess fees.

Note 6. Related Party Transactions

The Sheriff paid \$1,602 to Liberty Tire and Muffler during 1997 for auto repairs and maintenance which is owned by the Sheriff's brother. The county's code of ethics states, ". . . no county officer, county employee, or immediate family member of the officer or employee, shall have an interest in a business, or engage in any business, transaction, or activity, which is in substantial conflict with the proper discharge of the public duties of the officer or employee." It further defines "immediate family member" as spouse, child, or person claimed as dependent for tax purposes; therefore, the Sheriff is not in violation of the county's code of ethics. However, we recommend the Ethics Commission review these transactions and consider revising their code.

## COMMENTS AND RECOMMENDATIONS



CASEY COUNTY  
ROBERT M. WEDDLE, SHERIFF  
COMMENTS AND RECOMMENDATIONS

Calendar Year 1997

STATE LAWS AND REGULATIONS:

The Sheriff Should Refrain From Conduct Giving The Appearance Of Related Party Transactions

The Sheriff paid \$1,602 to Liberty Tire and Muffler during 1997, for auto repairs and maintenance, which is owned by the Sheriff's brother. The county's code of ethics states, ". . . no county officer, county employee, or any immediate family member of the officer or employee, shall have an interest in a business, or engage in any business, transaction, or activity, which is in substantial conflict with the proper discharge of the public duties of the officer or employee." It further defines "immediate family member" as spouse, child, or person claimed as dependent for tax purposes; therefore, the Sheriff is not in violation of the county's code of ethics. However, we recommend the Ethics Commission review these transactions and consider revising their code.

*Management's Response:*

*The Casey County Ethics Board reviewed the situation and found no problem with these transactions. However, this approval was not recorded in the minutes of the Fiscal Court.*

The Sheriff Should Have Presented An Annual Financial Statement To The Fiscal Court

The Sheriff did not present an annual financial statement to the fiscal court. KRS 134.310 requires a statement of receipts and disbursements for all funds of the Sheriff's office be submitted to the fiscal court at the time the Sheriff files and makes his final tax settlement. In the future, we recommend the Sheriff present an annual financial statement to the fiscal court.

*Management's Response:*

*The Sheriff's bookkeeper gave a copy to the Judge/Executive and was unaware it was not approved.*

PRIOR YEAR:

In the prior year audit report, we reported the Sheriff should refrain from the perception of related party transactions with Liberty Tire and Muffler which is owned by the Sheriff's brother. This finding has not been corrected and is commented on in the current year audit findings.

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REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS







## Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable Ronald D. Wright, County Judge/Executive  
Honorable Robert M. Weddle, Casey County Sheriff  
Members of the Casey County Fiscal Court

### Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of The Financial Statement Performed In Accordance With Government Auditing Standards

We have audited the Casey County Sheriff as of December 31, 1997, and have issued our report thereon dated June 1, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the Casey County Sheriff's financial statement as of December 31, 1997, is free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Casey County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Honorable Ronald D. Wright, County Judge/Executive  
Honorable Robert M. Weddle, Casey County Sheriff  
Members of the Casey County Fiscal Court  
Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 1, 1999

